

## **FISCAL NOTE**

### **SB 1197 - HB 1190**

March 26, 2007

**SUMMARY OF BILL:** Requires wholesale prescription drug distributors to maintain a pedigree for drugs that are distributed outside the normal distribution channel. Creates a Class C felony for the wholesale distribution of prescription drugs without a license or without complying with the pedigree requirements. If such is knowingly committed, the offense is enhanced to a Class A felony.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$5,000 One-Time**  
**\$50,500 / Incarceration\***  
**Increase State Revenues – Not Significant**

##### Assumptions:

- The Board of Pharmacy will be required to promulgate rules regarding wholesale distributors maintaining pedigrees. Such is estimated to increase one-time expenditures by \$5,000.
- The Board will also incur an increase in expenditures for regulating the provisions of the bill and investigating any complaints. Any increase in expenditure will be offset by any increase in revenues for civil penalties that will be enforced. Such will not have a significant impact on the expenditures and revenues of the Board.
- One Class C felony every three years with 0.9 years time served (328.73 days). The annualized time served per conviction is 108.48 days (0.33 annual number of convictions x 328.73 days served). According to the Department of Correction, the average operating cost per inmate per day for calendar year 2007 is \$60.16. The annualized cost per conviction is \$6,526.21 (0.33 x 328.73 days x \$60.16). No significant incarceration cost increase will occur due to population growth in this period.
- According to the U.S. Census Bureau, population growth in Tennessee has averaged 1.09 percent per year for the past ten years.
- One offender will be convicted of a Class A felony in the first year. Population growth of 1.09 percent will result in nine additional offenders serving additional time in the tenth year after the sentence increase is added to time currently served. The maximum cost in the tenth year, as

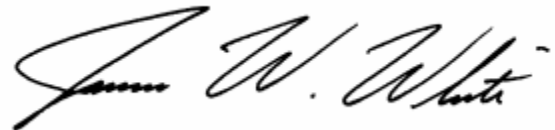
required by Tenn. Code Ann. § 9-4-210, is based on 10 offenders serving time on their sentences.

- One Class A felony every five years with 20 years time served (7,305 days). The annualized time served per conviction is 73.05 days (0.20 annual number of convictions x 365.25 days served). According to the Department of Correction, the average operating cost per inmate per day for calendar year 2007 is \$60.16. The annualized cost per conviction is \$4,394.69 (0.20 x 365.25 days x \$60.16). The total cost in the tenth year will be \$43,946.90 (\$4394.69 cost per year X 10 offenders).

\* Tennessee Code Annotated, Section 9-4-210, requires that: *For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director